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Funding Improvement Advocacy Plan 2023

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Notes that Auckland Transport (AT) maintains an advocacy programme for engaging central government on priority legislative, policy and regulatory reforms to improve transport performance and outcomes in Auckland.
- b) Notes that in May 2023, the board endorsed five priorities for transport funding and financing reform for development into an advocacy plan and discussed a sixth issue around the funding and financing of mega-projects and related infrastructure.
- c) Notes that the question of how to fund and finance mega-projects and associated works is continuing to be addressed under a separate workstream.
- d) Endorses the AT Funding Improvement Advocacy Plan 2023 attached to this report.

Te whakarāpopototanga matua / Executive summary

1. AT, Auckland Council (AC) and Waka Kotahi New Zealand Transport Agency (Waka Kotahi) are all under significant funding pressure. Analysis performed through the Tāmaki Makaurau Joint Transport Plan (TMJTP) highlighted limits on available resourcing and no clear solutions to meet the required level of investment in Auckland's transport system.
2. The Letter of Expectation directs AT to pursue new and additional sources of funding for transport investment. This direction has been incorporated into AT's Statement of Intent 2023-2026 (SOI).
3. In March 2023, the board noted that management was investigating a range of different national policy, legislative and regulatory reform options which AT could advocate for to unlock transport funding and financing opportunities.
4. In May 2023, the board endorsed five priorities for development into an advocacy plan to influence central government decision making: Time of use pricing; Reducing complexity and enhancing AT funding in a multiple source funding system; parking infringements and charges; funding the costs of growth and an overall review of the transport funding system.

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5. At the May 2023 meeting, the board also discussed a sixth issue concerning the funding and financing of central government mega-projects and their supporting services. A separate workstream has been established to address this issue and will be discussed by the board at its 29 August 2023 meeting.
6. In most cases, the levers for resolving these challenges sit with central government. AT and AC will articulate the need to change and influence government on options and timing for resolution. This will require significant collaboration between AC and AT and alignment of priorities, resources and governance decision making between AC and AT will be critical

Ngā tuhinga ō mua / Previous deliberations

| Date | Report Title | Key Outcomes |
|--|---|--|
| 28 March 2023 Board | Unlocking transport funding and revenue | The board noted that management were preparing a list of policy, legislative and regulatory reform opportunities which could unlock transport funding in Auckland. |
| 16 May 2023 Design and Delivery Committee (committee) | AT Funding and Financing Advocacy Plan | Directors canvassed and noted that private capital, including public private partnerships, had been considered, but not included at this stage because there is not yet clear agreement as to how private debt could be repaid or shifted off-balance sheet. Directors also requested further consideration of where advocacy could assist with rail programme funding. Future iterations will reconsider private capital options and alternatives to fund rail. |
| 27 May 2023 Board | AT Funding and Financing Advocacy Plan | Directors endorsed the development of a Funding Improvement Advocacy Plan focused on: congestion pricing; reducing complexity and enhancing AT funding in a multiple source funding system; parking infringements and charges; funding the costs of growth; acceleration and publication of the Ministry of Transport's system review of transport funding. Directors also discussed mega-projects and the impacts of associated costs on operators like AT. |
| 16 August 2023 Committee | AT Funding Improvement Advocacy Plan 2023 | Directors discussed the wider issue of complexity across management of the Auckland land transport system, noting that it was important context to advocacy for regulatory reform, and requested staff to include the issue of system complexity in our advocacy. |

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Te horopaki me te tīaroaro rautaki / Context and strategic alignment

7. Funding pressure on transport has been building for several years as service level aspirations have outpaced revenue. Recent upwards cost pressures from inflation, natural events and other factors have further accelerated investment demands as cost of living concerns continue to deter decision-makers from increasing charges.
8. Work on the TMJTP with AC and Waka Kotahi identified a significant gap between the cost of providing the transport system and available funding, and a growing tail of unfunded priorities.
9. The Letter of Expectation requests AT to “support council in seeking from central government a more flexible and efficient project funding assessment regime tailored to Auckland’s specific challenges”. The letter instructs AT to “look at opportunities to increase external income and reduce reliance on rates funding.”
10. AT’s SOI commits AT to identifying and realising opportunities to charge more effectively, reduce the financial burden on AC and advocate for national level reforms which improve funding for transport.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

11. Since May 2023, management has developed a plan for influencing government decision-making on the five priorities. The key components of this plan are:
 - a. Time of use pricing – we will work to ensure the legislation which prevents charging on existing roads is updated to enable time of use pricing which meets the needs of Auckland. Following the Transport and Infrastructure Committee workshop in August 2023, we will engage the Ministry of Transport with AC and supporting organisations and feed into any subsequent legislative process.
 - b. Reducing complexity and enhancing AT funding in a multiple source funding system – we will work to simplify transport funding processes, reducing the number of “pots” that must be managed and consolidating the National Land Transport Fund. The Chief Executive has taken a number of opportunities to advocate publicly for more certainty of funding long-term. While the government and AC have provided short-term top-ups for public transport services for 2023/24, there is a risk that services will need to be stopped if we are not successful in getting longer-term certainty of funding beyond June 2024. We are supporting officials in Treasury and the Ministry of Transport to develop options and will engage the new government on the costs and impacts of the current approach.
 - c. Parking infringements and charges – we will work to accelerate the long-awaited review of parking infringements and penalties to ensure these support good transport outcomes. We will work with government to de-risk public engagement on higher charges and contribute to public consultation processes.

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- d. Funding the costs of growth – we will work with AC officials to reform legislation which governs the way AC is funded to support and enable urban growth. We will support government investigation of funding and financing alternatives and facilitate AC engagement at all levels of government.
- e. Review of the transport funding system – we will work to accelerate public discussion and debate on transport funding tools and options. We will support Ministry of Transport and Waka Kotahi analysis of alternatives and seek to de-risk public engagement for the new government.

12. In addition to these five priority areas, there are emerging risks relating to the planning, funding and delivery of mega projects in Auckland – projects that are planned and delivered by central government. A separate paper is being presented to the Board in August outlining these risks in more detail.

Ngā tūraru matua / Key risks, opportunities and mitigations

| Key risk | Mitigation |
|---|---|
| Poor alignment between AC and AT on priorities, resourcing and governance decision making results in missed opportunities for advocacy or narrowing of potential solutions. | Work closely with key AC staff to agree priorities, timeframes and decision-making roles of respective organisations. |
| Potential change in government post 2023 elections results in a substantial shift in policy direction and opportunity for change. | AC and AT staff will need to pivot quickly post-election to understand the emerging opportunities. |

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

13. The purpose of this workstream is to enhance financial resources accessible to AT. Resourcing for this workstream will be allocated from existing budgets and activities.

Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

14. One of the key drivers of this workstream is to unlock funding for climate change investments and activities.

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Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

15. Further work is required to understand the impact of different transport funding options on mana whenua.

Ngā mema pōti / Elected members

16. This workstream identifies AT needs for reform. Once priorities have been endorsed, management will engage AC, consistent with direction in the Letter of Expectation that AT supports AC in achieving a more flexible funding environment.

Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations

17. CCOs have not been engaged through this workstream. Management will work with CCOs where there are shared interests.

Ngā kiritaki / Customers

18. There are no anticipated impacts on customer experience.

Ngā whaiwhakaaro haumarū me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

19. There are no health, safety or wellbeing considerations.

Ā muri ake nei / Next steps





20. Engage central government and partner organisations to implement the Funding Improvement Advocacy Plan 2023 and review the plan in early 2024 in light of new government direction.

Te whakapiringa / Attachment

| Attachment number | Description |
|-------------------|--|
| 1 | Funding Improvement Advocacy Plan 2023 |

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Te pou whenua tuhinga / Document ownership

| | | |
|-------------------------|---|---|
| Submitted by | Hamish Glenn Head of Transport Policy |  |
| Reviewed by | Nicki Lucas Head of Funding and Analysis |  |
| Recommended by | Jenny Chetwynd Executive General Manager, Planning and Investment |  |
| Approved for submission | Dean Kimpton Chief Executive |  |